

RD AN No. 3647 (1930-C)  
April 17, 2001

TO: State Directors  
Rural Development

FROM: James C. Alsop (Signed by James C. Alsop)  
Acting Administrator  
Rural Housing Service

ATTENTION: Housing Program Directors

SUBJECT: Wage and Benefit Matching for Single and Multi-Family Housing Programs

PURPOSE/INTENDED OUTCOME:

The purpose of this Administrative Notice (AN) is to encourage wage and benefit matching in the Single and Multi-Family Housing programs and establish guidelines for when and how often to conduct wage and benefit matching.

COMPARISON WITH PREVIOUS AN:

This AN replaces RD AN No. 3290 (1930-C) dated October 23, 1996.

IMPLEMENTATION RESPONSIBILITIES:

Effective immediately, State Office staffs will:

1. Develop a State issuance. Prepare State Supplements or other appropriate issuances as necessary to ensure proper implementation of the provisions set out in this AN.
2. Establish an agreement with State Agency. Execute a Memorandum of Understanding (MOU) or other appropriate agreement with the state agency charged with administering information required to be kept by the Department of Labor (DOL) on wage earnings and benefits. The purpose of the MOU is to carry out the objectives contained herein and provide third-party verification of wages and benefits. The Agency must obtain the advice and consent of the Office of the General Counsel (OGC) before entering into such agreements. Any charges

EXPIRATION DATE: April 30, 2002

FILING INSTRUCTIONS:  
Preceding RD  
Instruction 1930-C

assessed to the Agency for services may be authorized for payment in accordance with the provisions of RD Instruction 2024-A. State Directors must aggressively attempt to execute an MOU. Automation barriers and a lack of cooperation should be resolved to achieve the desired results. State Directors are encouraged to use the Agency's influence to the fullest to overcome resistance whenever existing State laws do not prohibit wage and benefit matching. The Deputy Administrator may be contacted if assistance is needed in overcoming implementation barriers.

3. Approve computer matching arrangements. The administrative oversight required for a fully interactive wage and benefit-matching system involves considerable resources to meet the stringent administrative oversight required by law. Where two or more Agency automated systems are anticipated to be linked to interact with each other in a manner in which databases can be linked to merge data, please contact the Deputy Administrator, Multi-Family Housing, or the Deputy Administrator, Single Family Housing, for advice and consent prior to pursuing implementation of such a system. For example, RHS may arrange to tap into a State Wage and Benefit Information Collection Agency's database and pull up information on Agency hardware platforms. RHS can then manually compare the results on screen or via a computer printout with Agency data. However, where the data from two or more Agencies is being merged to facilitate efficient comparisons between incomes and benefits reported via use of automated software routines comparing database records, rather than manual comparisons, approval by the Department of Agriculture's Data Integrity Board is required. In addition, publication of the action in the Federal Register and notification to Congress is required.

4. Determine when and how often to conduct wage and benefit matches.

a. Single-Family Housing (SFH) processing and servicing actions. Where there is a current MOU with the State Department of Labor or similar agency, RHS will randomly spot-check reported wages through wage matching for 10 percent of all loan and grant applications where all adult members of the household are employed full time, and wages have been verified through other sources, to ensure that all income had been reported. Wage matching will be conducted on an as-needed basis for servicing actions.

b. Multi-Family Housing (MFH). Where there is a current MOU with the State Department of Labor or similar agency, RHS will ensure wage and benefit matches are conducted for those residents scheduled to be interviewed prior to conducting supervisory visits requiring such interviews. In addition, State offices will establish routines to ensure that wage and benefit matches are performed each year on at least 10 percent of all the units in the State for MFH programs. Normally, wage and benefit matches will not exceed a 20 percent level for MFH programs. Wage and benefit matches are encouraged for initial tenant certifications of those moving into projects for the first time. Wage and benefit matching for MFH programs includes Labor Housing residents whose eligibility or receipt of subsidy is determined in whole or in part on wage or benefit data. Wage and benefit matching is not required for Housing Preservation Grant (HPG) recipients of repair work from the HPG grantee. However, it is possible to seek such information if desired.

5. Establish notification routines for initiating SFH and MFH wage and benefit matching. (Not applicable for those States who have already implemented an MOU on wage and benefit matching for those residing in SFH and MFH units). The attached notices to borrowers or management agents in Attachments A and B, and the notice to residents set out in Attachment C may be used as guides in implementing the wage and benefit matching system for the SFH and MFH programs. The guide in Attachment D may also be useful in recording amounts due. These notices may be useful in announcing the program prior to implementing wage and benefit matching for the first time.

6. Service suspected or confirmed abuses in the MFH program. Should the third-party verification reveal that tenant household incomes exceed that shown on the tenant certification form or forms by at least \$480 annually, the servicing staff is required by Exhibit B, paragraph (VII) (D) (5) to RD Instruction 1930-C to inform the borrower or borrower's representative in a manner similar to that contained in the guide notification letter in Attachment E. In addition, servicing officials may inform the borrower or borrower's representative of any discrepancies resulting in unauthorized assistance of \$1 or more annually and take steps to collect the unauthorized assistance.

7. Identify illegal or improper assistance in the MFH program. Normally, it will be sufficient to identify and correct the present improperly prepared tenant certification. In general, the Agency will be confirming that the benefits received under the current effective tenant certification period are accurate. The Agency does not intend to normally require past tenant certifications to be reviewed for accuracy by a third-party verification of income and enforcement of potential recovery efforts. This is a possibility, however, where substantial abuses are evident. In addition, any recovery efforts must not begin without first having been assured that tenants have had the opportunity to review the accuracy of the information and appeal any disagreements in accordance with the provisions of RD Instructions 1944-L and 1951-N.

Should area or servicing offices have questions regarding this issuance, please contact the State office. The State office staff may refer any issues needing further guidance to the National Office. Questions regarding policies in the Single Family Housing program may call 202-720-1474, and those affecting the Multi-Family Housing program may call 202-720-1060.

Attachments

## Notice to Applicants or Borrowers

The Rural Housing Service (RHS), is implementing a wage and benefit matching system in Single Family Housing (SFH) programs. The goal of the system is to find and prevent fraud, waste, and abuse of Federal benefits. We plan to achieve this goal through the early detection of inaccurate or incomplete information on Form RD 1910-5, "Request for Verification of Employment," and other income statements used to verify benefits or income or the failure to provide employment information. This notice is to inform you about the program and how it may affect you.

Beginning on [insert the appropriate date], RHS will have the capability to review wage and benefit information from the State Department of Labor (SDOL) for comparison with information provided on your most current income statement. This information will be compared against the income statement provided by you and any adult members of your household.

RHS assumes that income statements are completed as accurately as possible, although errors do occur. There are also those who report erroneous or incomplete information in order to qualify for Federal benefits.

Should a review of SDOL data reveal a substantial discrepancy, we will contact you to ask for more information to correct any errors or to find out why the information you gave us is different from the SDOL information. The intent of RHS is not to harass you, but merely to resolve discrepancies or errors as early as possible. The Agency may also look at your past certifications to recover any improper assistance you may have received in the past.

You will be advised of your right to have your case reviewed by a representative from the National Appeals Division (NAD) should the matter not be satisfactorily resolved. No corrective actions will be initiated unless you agree in writing, or the time for requesting a review by the NAD has passed.

If you have any further questions, contact the office serving your area.

### Notice to Borrowers or Management Agents

The Rural Housing Service (RHS), is implementing a wage and benefit matching system. The goal of the system is find or prevent fraud, waste, and abuse of Federal benefits. We hope to achieve this goal through early detection of inaccurate information supplied on Tenant Certification Forms.

The RHS is proud of its multi-family housing programs. Properties financed are generally well maintained and managed. Unfortunately, there are those who attempt to "beat the system" by providing inaccurate information to qualify for program benefits.

Beginning on [insert appropriate date], RHS will have the capability to review wage and benefit information from the State Department of Labor (SDOL) for comparison with information provided on the most current Tenant Certification (Form RD 1944-8) to identify apparent inaccuracies. The Agency will be using this information to resolve discrepancies.

Should a review of SDOL data reveal a substantial discrepancy, you will have to contact the tenant household to solicit added information to explain any discrepancies, abuses, or to correct any errors. The goal is not to harass tenants but merely to resolve misunderstandings and errors as early as possible. The Agency's program will not usually look at past tenant certifications or recover any improper subsidy which may have been delivered in years past.

Upon receipt of this notice, you should take steps to inform tenants of the wage and benefit matching initiative. The attached guide notice is provided for your potential use [Attachment C].

All tenants contacted to explain differences with SDOL data should be advised of their right to file a grievance under RD Instruction 1944-L, should the matter not be satisfactorily resolved. No corrective action will be initiated unless the tenant concurs with it in writing, or the timeframe for filing a grievance has passed, or the information presented in the grievance has been considered and acted upon.

The borrower or management agent will not be held responsible for repaying subsidies improperly received solely as a result of inaccurate information supplied by tenants. The borrower or management agent is expected to take corrective measures when inaccurate information is detected. The corrective measures should include prompt correction of inaccurate tenant certification forms, along with plans for tenant reimbursement for improperly delivered subsidy during the tenant certification period.

The reimbursement may be collected by lump sum or in a monthly amount added to the tenant's rent to recoup the improper subsidy. A reporting guide is attached for your use in reporting the collection efforts to the State or Area office [Attachment D].

Attachment B  
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If corrective measures cannot be achieved, tenant eviction proceedings should be promptly initiated. Tenants who falsify information and do not agree to corrective measures, or fail to uphold their subsidy repayment agreements, should be referred to the Agency along with supporting material. The Agency will review the information for possible investigation in accordance with RD Instruction 2012-B.

In addition, should the Agency initiate any adverse action against a borrower (e.g., suspending, denying, or recovering Rental Assistance or other Federal benefits in accordance with RD Instruction 1951-N, initiating an acceleration action in accordance with RD Instruction 1955-A, or starting a suspension or debarment action in accordance with RD Instruction 1940-M) the reason for the action will be stated, along with a notice explaining any right to file an appeal, in accordance with USDA appeal procedures set out at 7 CFR part 11, and RD Instructions 1951-N or 1940-M.

In summary, the Agency's wage and benefit matching program will assist in detecting inaccuracies and dishonest actions. At the same time, the program should ensure that borrowers and management agents suffer no penalties as a result of a dishonest action on the part of others.

Attachments

### Guide Notice to Residents

The Rural Housing Service (RHS), is implementing a wage and benefit matching system. The goal of this system is to reduce fraud, waste, and abuse in Federal programs. This notice is to inform you about the program and how it may affect you.

Beginning on [insert appropriate date], RHS will start receiving wage and benefit information from the State Department of Labor (SDOL). This information will be shared with the owners and management agents servicing your housing development. This information may then be compared against information provided on your Tenant Certification (Form RD 1944-8). Whenever differences exceed \$480 annually, or result in the government providing unauthorized assistance in the form of rental subsidy, you may expect to be contacted for an explanation.

RHS assumes Tenant Certifications are completed as accurately as possible. However, misunderstandings and honest errors do occur. Unfortunately, there are also those who will report wrong information in order to qualify for Federal benefits. The objective of the records check is to make sure that those needing assistance can receive assistance, while those who do not can be stopped and made to repay improperly received benefits.

RHS will implement a wage and benefit matching system fairly. Therefore, whenever a new or renewed Tenant Certification is completed, it will be subject to verification by the Agency and the owner or management agent servicing your housing development. If a problem is suspected, you will be contacted and asked to provide an explanation. If disagreements arise, you will be informed of your right to file a grievance under RD Instruction 1944-L. A copy of the grievance procedure is available from the owner or management agent servicing your housing development.

You can update or correct your existing Tenant Certification until [insert 45 days from the date the notice in Exhibit B was forwarded to owners and management agents]. Of course, the updated and corrected Tenant Certification may result in changes to the Federal housing benefits your household is entitled to receive. However, any adjustment may be made without fear of repaying any benefits received in error, for the period of time before the Tenant Certification was changed.

RHS may use information reported on the Tenant Certification (Form RD 1944-8) to determine eligibility for Federal benefits, verify compliance with program requirements, and recover improper payments from current or former beneficiaries.

If you have any further questions, please contact the owner or management agent servicing your housing development.

Guide Record of Inaccurate Information Reported by Tenants  
Being Resolved With Reimbursement Arrangements.

1. (RHS Use Only) Date Received in Area Office: \_\_/\_\_/\_\_

2. (RHS Use Only) Date Credited by Area Office: \_\_/\_\_/\_\_

3. Borrower Name: \_\_\_\_\_

4. Project Name: \_\_\_\_\_

5. Case Number: \_\_\_\_-\_\_\_\_-\_\_\_\_

6. Project Number \_\_\_\_-\_\_\_\_ 7. Kind of Loan: \_\_\_\_\_

8. Plan of Operation: \_\_\_\_\_

9. Tenant Name:

10.	11.	12.	13.	14.	15.
Tenant Certificate				Reported	Actual
Begin	End	Basic	Market	Annual	Annual
mm/dd/yy	mm/dd/yy	Rent	Rent	Income	Income

16.	17.	18.	19.	20.	21.	22.	23.
		-Utilities-		-Overage/			
Rent	Rent		Pay	Surcharge-		RA	RA
Charged	Due	Paid	Due	Charged	Due	Paid	Due

24.	25.	26.	27.	28.	29.
Amount	Nbr.	Total		Date	Amount
Owed/Mo	of	Amount	Amount	Collected	Still
	Mo.	Due	Collected	mm/dd/yy	Owed

30.	31.	32.	33.	34.
Amount	Amount	Amount	Amount	Amount
Applied	Applied	Applied	Applied	Applied
Loan	Util. Pay.	Over/Sur.	RA	Misc. Coll.

Remarks:

Attachments:

\_\_\_\_ Form RD 1944-29, "Project Worksheet for Credit and Rental Assistance"

\_\_\_\_ Form RD 1944-8, "Tenant Certification"



Instructions for Preparation of Record of Inaccurate Information Reported by Tenants Being Resolved  
With Reimbursement Arrangements.

1. For Agency Use Only. Date received by month/day/year.
2. For Agency Use Only. Date credited by month/day/year.
3. Insert borrower name as shown on promissory note.
4. Insert project name.
5. Insert borrower case number. Contact Area Office if unknown.
6. Insert project number. Contact Area Office if unknown.
7. Insert RRH if Rural Rental Housing, LH if Labor Housing, or RCH if Rural Cooperative Housing.
8. Insert Full Profit, Plan 1, Section 8, Plan II (with Section 8), Plan II, Plan II RA, or Plan RA as appropriate.
9. Enter tenant name (head of household).
10. Enter beginning tenant certification date.
11. Enter ending tenant certification date.
12. Enter RHS approved basic rent.
13. Enter RHS approved market rent.
14. Enter annual income reported on tenant certification.
15. Enter correct actual annual income.
16. Enter monthly rent billed for tenant's unit (i.e.,) tenant's "out of pocket" rent payment; do not include Rental Assistance (RA)).
17. Enter correct monthly rent which should have been due based on accurate tenant certification data.
18. Enter monthly utilities paid tenants (if any).
19. Enter monthly utility payments which should have been due tenants based on accurate tenant certification data.
20. Enter monthly overage or surcharge charged.
21. Enter correct monthly overage or surcharge which should have been due based on accurate tenant certification data.
22. Enter monthly RA paid on behalf of the tenant household.
23. Enter correct monthly RA which should have been due and paid to the project on behalf of the tenant household based on accurate tenant certification data.
24. Enter the correct total amount owed per month based on accurate tenant certification data (i.e., total the sum of the differences between 16 and 17, 18 and 19, 20 and 21, and 22 and 23).
25. Enter the number of months the errors went undetected.
26. Enter the total amount due (multiply items 24 and 25).
27. Enter the amount collected during the reporting period.
28. Enter the collection date by month/day/year.
29. Enter the amount still owed and outstanding.
- Items 30 thru 34. Enter how the amount collected will be credited for application (contact Area Office if unknown).

Complete the remaining information on the form as needed.

Guide to Notify Borrower or Management Agent of a Potential  
Wage or Benefit Discrepancy Which Requires Review

Upon review of the attached information, we conclude that there is a discrepancy between the wages or benefits reported on Form RD 1944-8, "Tenant Certification," and those reported to [insert the appropriate state agency name]. Please review this information with the tenants and provide a written explanation as to your findings and what, if any, corrective arrangements (e.g., recovery of improper benefit agreements, evictions, legal proceedings, etc.) you are making. Please provide the explanation within 30 days of the date of this letter.

Should recovery of improper payments be required, Agency regulations require collections be made by lump sum cash payment, or payment over a reasonable period of time (usually not to exceed 90 days). Whenever concerns cannot be mutually resolved, the tenants must be advised of the right to file a grievance under the provisions of RD Instruction 1944-L, or advised of their right to appeal any eviction in accordance with the provisions of RD Instruction 1930-C.

If your explanation is not satisfactory to us, we will contact you to resolve the matter. The Agency will seek a mutually satisfactory resolution. Should this not be possible, you will be formally advised of our concerns and advised of any applicable appeal rights.

If you have any questions concerning the subject matter, please contact the area office staff at [insert office telephone number].

Sincerely,

[Insert name and title of signature official]

Attachments

[Attachments may include appropriate information summarizing results from the State wage information collection agency and Agency records]